

Exhibit 260



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ICO=IPO: Why the SEC Is Right to Regulate Initial Coin Offerings

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Digital assets like XRP and bitcoin and the blockchain technology behind them represent an incredibly exciting opportunity to accelerate the engine of commerce around the world. But we're still in the early stages of development

and, as often happens with financial innovations, it can take time for regulations to catch up.

Some have disregarded regulation entirely, believing that under the banner of new technology, they are exempt. This year alone, firms have raised [\\$1.3 billion from initial coin offerings](#) (ICOs), a type of blockchain crowdfunding for startups. But rather than delivering something to investors that can be used to exchange value on a specific economic platform, some of the tokens offered seem to have no inherent utility.

Instead, these ICOs were based on little more than a white paper and look much more like (not especially attractive) stock offerings. [I have previously highlighted this practice](#) as unsustainable, potentially deceptive and detrimental to the long-term growth of the digital asset market. So, I was happy to see [the Securities and Exchange Commission \(SEC\) step into the ring](#) this week to clarify that certain types of ICOs are actually securities.

Token offering

The SEC's report focused on DAO – one of the most controversial of the recent spate of ICOs – and [painted a picture of a process](#) that bore all the hallmarks of a stock offering:

“Investors who purchased DAO Tokens were investing in a common enterprise and reasonably expected to earn profits through that enterprise...”

It concluded that DAO Tokens are securities and its creators “broke the law by offering shares to the public without complying with applicable securities laws.”

I welcome this official clarification of what had become a gray area. My position will not be a surprise given Ripple's history of actively engaging regulators and central banks as we have developed our solution for faster and more efficient cross-border payments.

We partner with many financial institutions, [including the Bank of England](#) and major global banks like Santander and Standard Chartered. Our Director of Regulatory Relations Ryan Zagone sits on the steering committee for the Federal Reserve's Faster Payments Task Force, which [recently released its action plan](#) for improving payments in the U.S.

In contrast to ICO tokens, which in many cases exist as nothing more than ideas on paper and arbitrary balances on ledgers, digital assets with utility have the potential to transform global commerce for the better. But I can't see how that will happen without input and buy-in from the major players in the world of finance and government regulators. When you believe in responsible innovation as we do, these partnerships are crucial to ensuring the successful growth of the digital assets market.

Quacks in the system

It's surely no coincidence that ICO sounds a lot like IPO (initial public offering). Indeed, the developer of DAO [said that purchasing DAO Tokens](#) would entitle investors to "rewards" and likened it to "buying shares in a company and getting...dividends."

I say, if it looks like a duck and quacks like a duck then let's regulate it like a duck. The bill may already be in the mail for some of these companies. SEC regulations are there to protect both investors and the businesses offering stock. If, as I think is likely, deception is shown to have occurred in an ICO – now understood to be a security – the entrepreneurs involved will find themselves tied up in litigation for years to come.

I expect the SEC's guidance to lead to a significant reduction in the pace of ICOs, as firms will need to undergo the same kind of thoughtful process of disclosure and transparency necessary for any securities offering. This culling of the herd should not affect utilitarian assets like XRP, which can be used by payment providers and banks to enable faster, more efficient cross-border payments. The SEC ruling implies that digital assets whose value is based on

established use cases and not ambiguous promises, are distinguishable from ICO tokens.

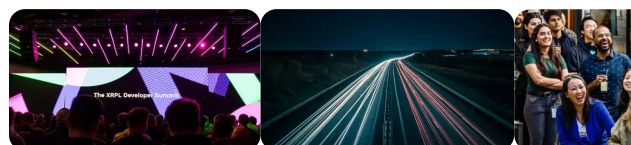
Strong and stable

Even with an ICO cool-off, the overall digital asset market remains highly volatile at the moment with the Bitcoin community [preparing for civil war](#) over its inability to scale its transaction processing power to meet demand. Meanwhile, as the host of most of the recent ICOs, Ethereum will likely experience the most significant fallout from this SEC ruling.

By focusing on developing technology that reduces the friction and cost of cross-border payments and actively partnering with regulators and financial institutions, Ripple is a source of stability in a market with the potential to change the way value is exchanged. The SEC ruling is a crucial step in this evolution.

Digital assets and the blockchain technology that powers them may be new and innovative but I see no reason to discard decades' worth of useful regulation that helps protect everyone.

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